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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

EX PARTE

William F. Caton
Acting Secretary
Federal Communications Commission
Mail Stop 1170
1919 M Street, N.W., Room 222
Washington, D.C. 20554

Dear Mr. Caton:

Re: *CC Docket No. 95-72 - Changes to Subscriber Line Charge Rules for ISDN and Other Derived Channel Services*

Today, Pat Lanthier and Tom Bayless of Pacific Bell and I met with Karen Brinkmann and Les Seltzer of the Tariff Division of the Common Carrier Bureau and with Todd Silbergeld of Commissioner Barrett's office to discuss the attached materials. Please associate this material with the above-referenced proceeding.

We are submitting two copies of this notice in accordance with Section 1.1206(a)(1) of the Commission's Rules.

Please stamp and return the provided copy to confirm your receipt. Please contact me should you have any questions or require additional information concerning this matter.

Sincerely,



Attachment

cc: Karen Brinkmann
Les Seltzer
Todd Silbergeld

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ISDN Product Analysis

August, 1995

PACIFIC * BELL

Growth Strategy

- ❑ Move ISDN into the mainstream and mass markets.
- ❑ Create asy to use (and install) "plug-and-play" solution .
- ❑ Position Pacific Bell as the leader in ISDN technology and as the premium provider of the "information highway" in California.
- ❑ Deliver the lowest priced and widely available switched digital service.
- ❑ Form strategic partnerships and alliances.
- ❑ Expand sales and distribution channels.
- ❑ Focus growth on key applications: telecommuting, remote LAN access, on-line services / internet access, point-of-sale (credit verification), desktop video conferencing and analog voice to digital upgrades.
- ❑ Utilize industry standards to streamline processes.

How We Will Get There (examples)...



What Does ISDN Cost? (In California)

Technology	Pacific Bell Products	Installation	Monthly
ISDN BRI (Basic Rate Interface)	Centrex ISDN <ul style="list-style-type: none">• Includes Centrex service• Minimum of 2 lines	\$150* plus \$70 for Centrex line	\$31.65 + usage**
	ISDN <ul style="list-style-type: none">• Single line ISDN for business• Includes 1MB business line	\$125* plus \$70.75 for 1MB	\$26.04 + usage \$24.82 if single line
	Home ISDN <ul style="list-style-type: none">• Single line ISDN for home	\$125* plus \$34.75 for 1MR	\$24.50 + usage***

* Waived for a 2 year in-service period

** Usage sensitive for out-of-Centrex calls only

***Usage charged between 8 AM and 5PM, Monday through Friday

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One Phone Call Could Pay for Your ISDN Service

International File Transfer Times and Costs

California to Japan, average rates, not including taxes.

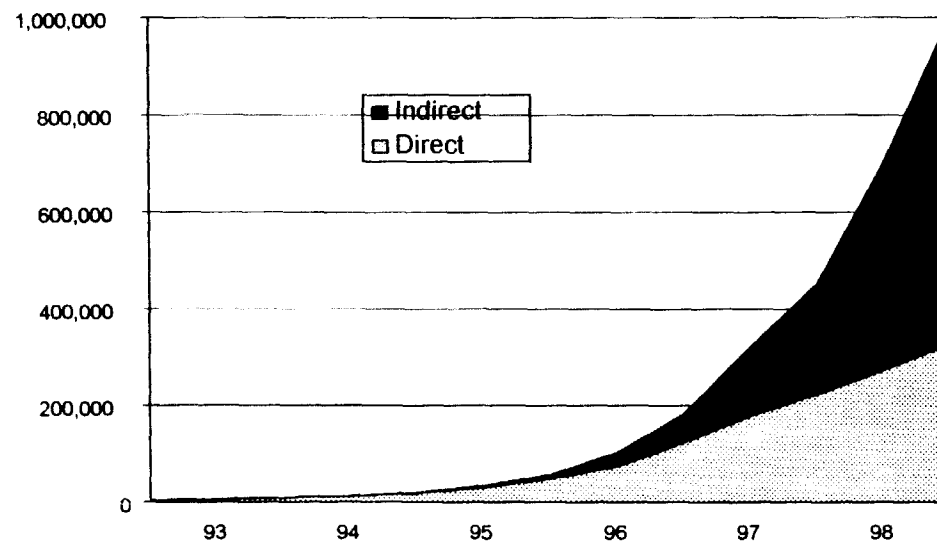
<i>Twenty Megabit File</i>	<i>Time</i>	<i>Cost</i>
14.4Kbps modem	23.1 minutes	\$29.85
ISDN at 90 Kbps	3.7 minutes	\$6.32

Savings = \$23.53



PACIFIC * BELL.

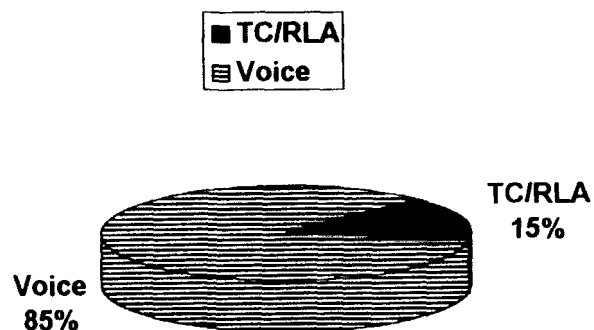
ISDN Product Forecast - 1993 to 12/31, 1998



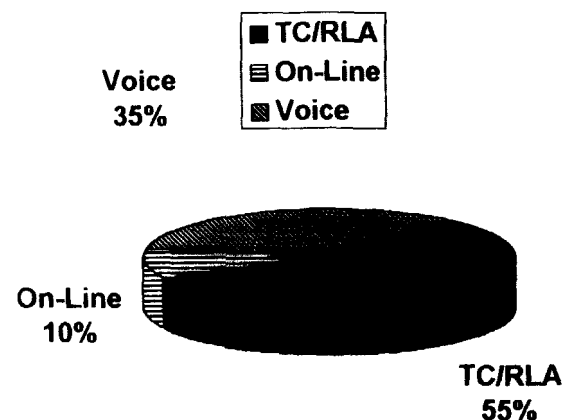
Includes BRI, PRI, CENTREX ISDN & Company Business

Changes in Customer ISDN Application Mix: Embedded Base Mid 1994 vs. New Lines Added in 1995

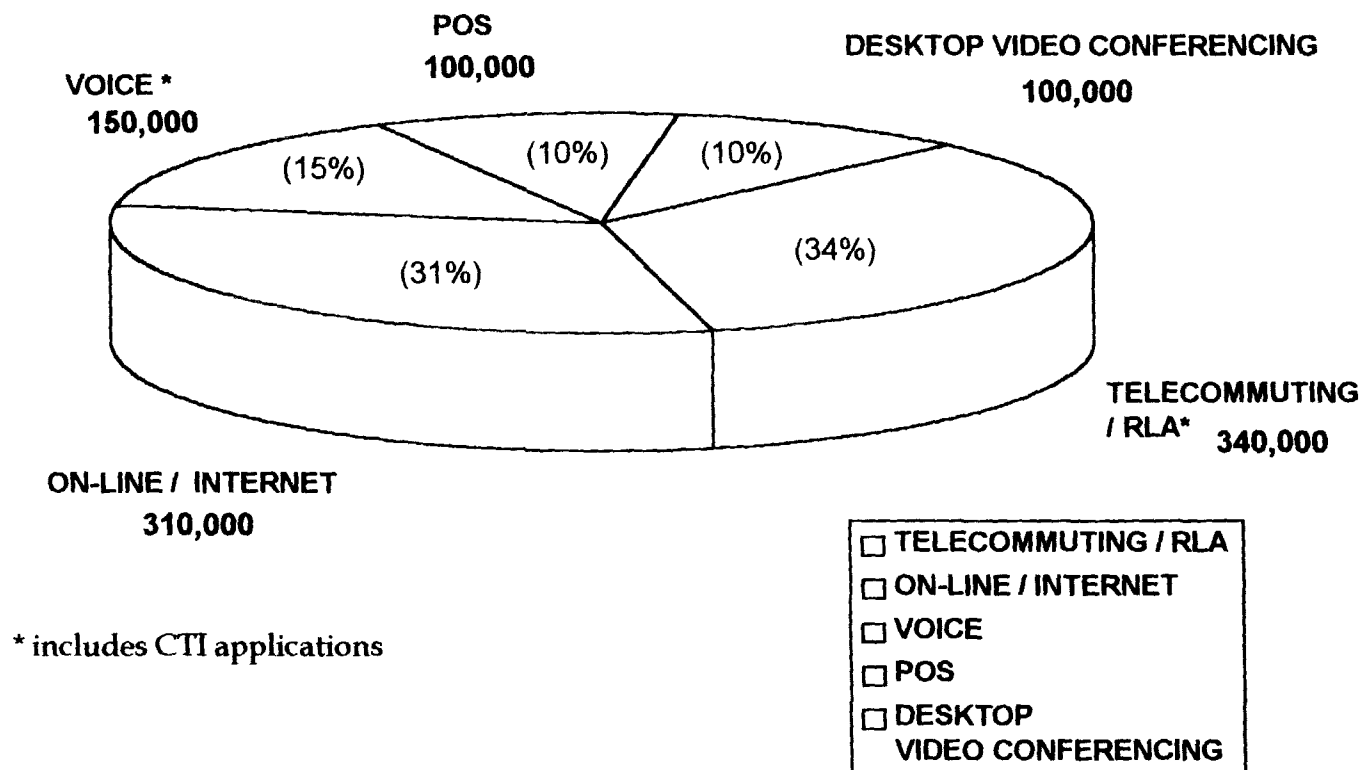
Embedded Base Application
Mix, May 30, 1994
(aprox 24,000 lines)



Application Mix of
New Lines Added 1/95 - 5/95
(aprox 10,000 lines)



Projected Customer ISDN Application Mix EOY 1998



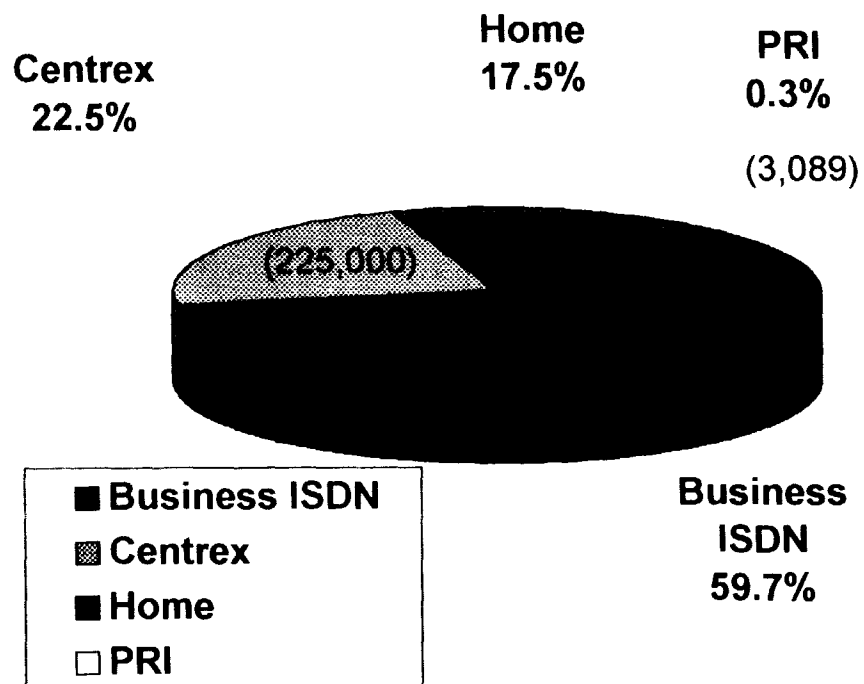
Applications Targeted For Use In Homes (from the 1 million 1998 target)

- ❑ Telecommuting / Remote LAN Access (310,000)
- ❑ On-line Services / Internet Access (340,000)
- ❑ Desktop Video Conferencing (partial target 40,000)

Total Targeted Household Lines =



ISDN Product Mix, EOY 1998



	EOY 95	EOY 96	EOY 97	EOY 98
ISDN	24,286	81,636	267,586	596,911
Centrex	35,000	92,500	145,250	225,000
Home	1,000	9,250	34,750	175,000
PRI	714	1,614	2,414	3,089
Total Products	61,000	185,000	450,000	1,000,000

The Potential ISDN - Related Marketplace

- Here now - Global - Many Players - Huge \$ \$ \$ and Social Potential

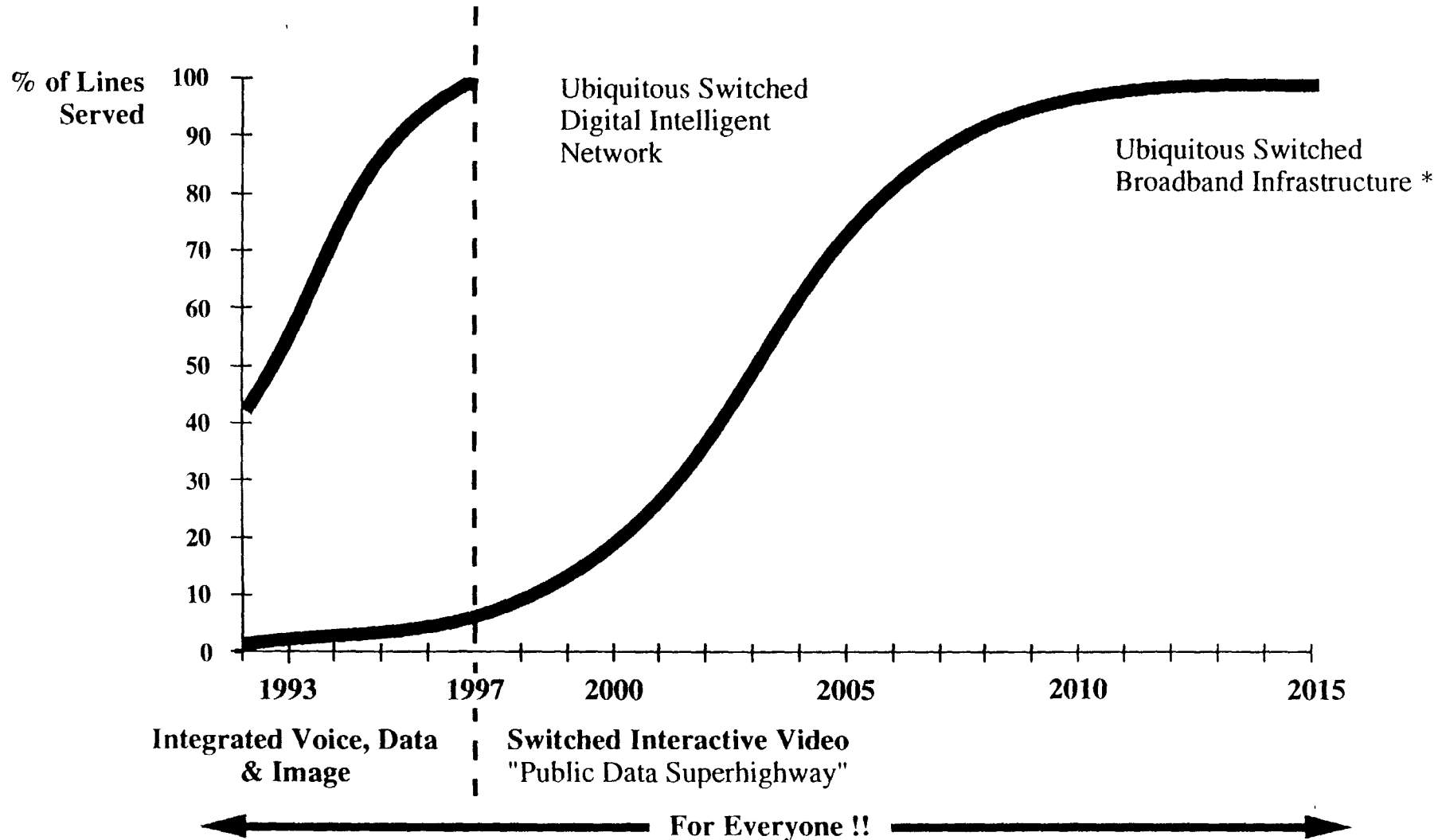
Local Exchange Carriers <ul style="list-style-type: none"> - Ameritech - Bell Atlantic - BellSouth - GTE - NYNEX - Pacific Bell - Southwestern Bell - 1000 + other LECs 	Inter Exchange Carriers <ul style="list-style-type: none"> - AT&T - MCI - Sprint - Other 	Internet Service Providers <ul style="list-style-type: none"> - PSI - Netcomm - Microsoft/UUNet - Certnet - Internex Tiara 	Information Service Providers <ul style="list-style-type: none"> - America Online - Prodigy - Compuserve - 50,000 BBS 	Telephone Sets <ul style="list-style-type: none"> - AT&T - Fujitsu - Northern Telecom - Lodestar
Data Comm Customer Premise Equipment <ul style="list-style-type: none"> - Cominet - Ascend - Network Express - Intel - Motorola - Cisco - IBM - 3Comm 	Video Conferencing Equipment <ul style="list-style-type: none"> - Picturetel - Compression Labs - British Telecom - VTEL - Intel - AT&T - Nortel 	Switch Vendors <ul style="list-style-type: none"> - AT&T - Nortel - Siemens 	Systems Integrators <ul style="list-style-type: none"> - IBM - EDS - Andersen Consulting 	Applications Developers <ul style="list-style-type: none"> - Microsoft - Computer Associates
Computer Hardware Manufacturers <ul style="list-style-type: none"> - Compaq - IBM - Apple - Dell 	Computer Software <ul style="list-style-type: none"> - Microsoft - IBM / Lotus 	Multimedia <ul style="list-style-type: none"> - 2000 firms in S.F. Bay Area alone 	Education <ul style="list-style-type: none"> - Education First (CA - 9000 + schools) - California Life-Long Learning (CALL) 	Distributed Work <ul style="list-style-type: none"> - Virtual Office Consultants - Clean air benefits

....plus - many, many others

Policy Makers Should Support Affordable, Available, Uncomplicated ISDN

Pacific Bell's Commitment to California...

- 1997: Ubiquitous Switched Digital Intelligent Network
- 2015: Ubiquitous Switched Broadband Infrastructure



* Projected curve based on extrapolated available data

Chart 1

Pacific Bell Recommendations

Re: ISDN End User Common Line Charges - CC Docket 95-72

- **Listen to the voice of those affected by the choice**
 - overwhelming support for 1 SLC per facility*
 - 1000's of customers, carriers, manufacturers, developers, etc.
- **Rule quickly to support this efficient and current NII technology**
 - demonstrate FCC support for the NII / GII
 - "GLOBAL '95" ISDN event - Nov. '95
- **Address broader cost recovery issues elsewhere**
 - broad-based access charge / subsidy reform proceeding(s)
- **Be fair**
 - do not force LECs to impute multiple derived channel charges while precluding recovery through the carrier common line rate element

*a.k.a. 1 SLC per offering or 1 SLC per service

NII = National Information Infrastructure

GI = Global Information Infrastructure